

National Intelligence Council

~~Secret~~

25X1



Memorandum

MASTER FILE COPY

**DO NOT GIVE OUT
OR MARK ON**

Beyond Marcos: Adverse Long-Range Trends for Philippine Democracy and US Interests

~~Secret~~

*NIC M 86-10001
January 1986*

Copy **390**

Page Denied

SECRET

25X1

NIC M 86-10001

BEYOND MARCOS:
ADVERSE LONG-RANGE TRENDS
FOR PHILIPPINE DEMOCRACY
AND US INTERESTS

SECRET

Page Denied

SECRET

25X1

CONTENTS

	<i>Page</i>
SCOPE NOTE	1
KEY JUDGMENTS	3
DISCUSSION	7
What's Wrong in the Philippines?	7
The Failure of Philippine Democracy	7
Marcos's Response to the Challenge	8
The Crisis Resumes and Escalates	8
Prospects for Further Political Change	11
Prospects for a Democratic Transition	12
Prospects for a Communist Takeover	14
Outlook	15
Prospects for Anti-US Nationalism	16
Implications for US Interests	17
The Significance of a Democratic Transition for US Interests	18
The Significance of Strengthened Authoritarianism for US Interests	18
The Significance of a Communist Transition for US Interests	18

25X1

SECRET

25X1

SCOPE NOTE

This Memorandum deliberately takes a long-range approach to analyzing political instability in the Philippines since it is believed that certain underlying social, economic, and political forces at work in the Philippines (as has been the case in other ex-colonial Third World societies) are determining the ultimate long-run character of that society. It identifies the basic forces at work; assesses the current state-of-play among the most important of the societal groups that are variously demanding, resisting, or simply attempting to cope with change; and estimates which of several possible outcomes of this struggle is most likely over the long run. In particular, this Memorandum points up the consequences of these long-range developments for US interests.

Page Denied

SECRET

25X1

KEY JUDGMENTS

Even if the Philippines should weather the very serious leadership and insurrectionary problems that now beset it, long-term prospects are rather bleak—for both Philippine democracy and US security interests.

The Philippines is hovering on the brink of major political change, which involves far more than immediate issues and problems. This basic crisis is the inevitable consequence of the interplay of fundamental political, economic, and social forces that have buffeted the Philippines since 1946 and are now determining the ultimate long-term character of Philippine society.

In many respects, these forces are no different than those with which most Third World countries have had to cope as they have attempted to find processes and institutions more suitable for their societies than the ones they inherited from their colonial rulers. The principal difference in the Philippine case is that this process of basic change has come more slowly than elsewhere in the Third World because of the uniquely close relationships that long continued to exist with the United States. As a result, the Philippines has only recently entered the period that many other Asian nations went through some time ago of societywide internal struggle over what basic societal arrangements can best work in the country's present stage of development. Moreover, the rise of intense nationalism that often accompanies this kind of fundamental contest for power between older and emerging political forces has also been delayed and is only now developing.

The problem for the Philippines—and for the United States—is that the outcome of this struggle is almost certainly going to lead to strengthened authoritarianism in the Philippines rather than democratic political forms. Marcos's personalized form of authoritarianism was for some years successful in managing the changing political process in the Philippines, but the rapidity with which new political forces are appearing on the scene and the variety and strength of demands they are making on the governing system are simply overwhelming the capabilities of Marcos's crony style of rule. He has neither the repressive nor the resource-generating abilities necessary to cope with rising levels of demands for political and economic participation. In fact, his policies frequently worsen the problems they attempt to solve.

SECRET

25X1

In the evolution of the present situation toward a governing regime that has better repressive and/or resource-generating capabilities, three possible outcomes predominate:

- Serious dangers exist that the Communist insurgents will come to power—either through outright military victory or after a political struggle among opposition forces if the Marcos government collapses—and that they will establish a Communist authoritarian regime. At present, the Communists are gaining strength by effectively incorporating the demands of many politically active groups, and they are developing the coercive apparatus to repress those groups they cannot absorb. The chances of a Communist takeover will grow the longer the present state of political and economic turmoil persists.
- Barring an NPA-Communist victory, the most likely long-range political change is toward a strengthened authoritarian system probably based on a coalition of the military and the civil bureaucracy. Such a regime would resemble the Marcos regime in some respects, but it will have to be more broadly inclusive of some center and even left-of-center political groups if it is to achieve stability.
- The least likely outcome is evolution toward an effective democracy, in which political parties not only genuinely compete for power through an electoral process but also are widely enough based to incorporate the demands of the rising number of politically active groups. No tradition of broad-based parties exists, and there probably is not time enough for the political culture to evolve to that point before the Marcos style of personalized authoritarian rule collapses.

Whatever political outcome occurs, US interests are in for trouble because the United States is likely to become the principal target of the heightened nationalism that all groups—moderate as well as radical—probably will turn to as a device for achieving the popularity needed to win the political struggle. Even now, the Philippine educational system portrays the United States as the neocolonialist exploiter of the Philippines. This treatment is likely to grow as mobilizing political elements, particularly but not exclusively those on the left, seek to find a scapegoat for the Philippines' problems. In political terms, extreme nationalism probably will focus on US bases and on alleged US economic exploitation of Philippine resources. While the political

SECRET

25X1

outcome will clearly make a difference to the United States, the costs to the United States of any of the outcomes are likely to be high:

- At best, the price demanded by the government in Manila to maintain present US facilities (the most important of which are Subic Bay and Clark Field) will be greatly increased.
- At worst, the Philippines could experience a Communist take-over, and the United States will be forced to give up these facilities, with resulting high costs to our strategic position in Asia and to our influence in the region.

Page Denied

SECRET

25X1

In an attempt to place before the policy and intelligence communities provocative analyses by experienced observers, the DCI's National Intelligence Council occasionally will publish uncoordinated essays of particular merit on important subjects. This is such an essay and the future of the Philippines is such a subject. The interpretations and conclusions are the author's own.

DISCUSSION

What's Wrong in the Philippines?

1. The Philippines is hovering on the brink of major political change, which is not likely to be toward greater democracy and is likely to affect adversely US interests. There is wide agreement and no question but that the political situation in the Philippines is deteriorating. The Marcos regime is faulted for its inability to cope with serious economic and political challenges. His failed policies are seen as exacerbating an already bad situation, enabling the Communist-controlled New People's Army (NPA) to make rapid gains. To arrest this deteriorating situation, President Marcos is under pressure from some political forces to crack down on all sources of resistance and by other groups to implement genuine reforms that promise to shore up the political system and move the Philippines toward greater stability.

2. The argument of this study is that in actual fact President Marcos has very little maneuvering room, and that focusing on what he may or may not do in present circumstances does not address the real sources of change that are transforming Philippine society—creating the very problems with which he is attempting to cope. It is the view of this study that the problems the Philippines faces are rooted in the basic, underlying forces that—in varying ways—characterize political, economic, and social transition in nearly all Third World, former colonial, developing countries.

The Failure of Philippine Democracy

3. When the Philippines became independent on 4 July 1946, a conscious effort had been made to put in place American-style political institutions, including a modern multiparty system, an American-type presidency and congress, and the concept of choosing political representation through elections. On the surface, these institutions were reasonably successful: there were regularly scheduled elections in which power changed hands, a free and often scurrilous press, and an independent judiciary. Beneath the surface, however, was a different reality. The traditional patron-client ties endemic in Philippine society

meant that the parties that contested high office through “democratic” elections were in reality shifting alliances among traditional oligarchs. Some 70 to 100 oligarchic families totally dominated Philippine political life; from 1946 to 1964, politics revolved around their constantly shifting and spoils-seeking coalitions.

4. As in many other developing former colonies, these institutions were initially effective in meeting the demands of various groups. As these groups and their demands proliferated, however, the institutions became increasingly unable to meet political challenges, and political change became inevitable. When Marcos established martial law in 1972, it signaled a move away from superficially democratic-style institutions toward greater, overt authoritarianism, a natural tendency in nearly all Third World countries.

“[The fundamental defect of Filipino society is that it tends to be oligarchic]. The economic gap between the rich and the poor provides the wealthy few the opportunity of exercising undue influence on the political authority. . . . The oligarchic elite manipulate the political authority and intimidate political leaders, while the masses (because of their poverty, dependency, and lack of organization), perpetuate a populist, personalist, and individualist kind of politics, (with the result that) corruption at the top is matched by social corruption below.”

—Ferdinand Marcos, 1971

5. The reasons for the failure of oligarchic “democracy” lay in the social and economic changes the Philippines was undergoing. During the 1950s and 1960s, government policy—assisted by various US aid programs—encouraged the growth of manufacturing in urban areas and cash crops for export in rural areas. By 1960, industry had grown to comprise 23 percent of the Philippine Gross Domestic Product (GDP) and commerce had increased to 17 percent. By 1971 these figures had grown to about 30 percent and 23 percent, respectively.

SECRET

25X1

6. The rapid shifts in the Philippine economy stimulated the growth of such groups as entrepreneurs, professionals, and the like, which commonly make up the middle class and urban workers commonly associated with industrialization. In addition, there were also important social changes in the rural areas where more specialization in the work force led most notably to the growth of a landless agricultural laboring group.

7. Even though agriculture's share of the GDP fell steadily from 1946-71, its actual value was increasing quite rapidly. This was principally because of a rapidly expanding market for coconuts and sugar, the Philippines' two main export cash crops. About 70 percent of these crops was produced by small planters who hired seasonal labor, and the remainder was by large haciendas, often dominated by foreign corporations that used more technology and fewer workers.

8. Accompanying these economic changes were rather dramatic demographic changes. The Philippine population more than doubled from about 20 million in 1950 to about 42 million by 1971. Some of the population growth was absorbed by the opening of "frontier" lands in Mindanao, but the cities also grew rapidly. Meanwhile, communications and transportation also developed quickly, and the education system, another American colonial legacy, kept pace. Philippine literacy, already high even by Asian standards, increased from 72 percent in 1960 to about 83 percent in 1970; and the Philippines also maintained an enviable system of higher education.

Marcos's Response to the Challenge

9. Marcos was well aware that these basic social and economic changes could have a fundamental political impact. While his ostensible justification for the imposition of martial law in 1972 was to control an upsurge in lawlessness and violence, the actual thrust of his initial policies was to restructure the political system to attempt to appeal to these groups in order to gain their support by accepting their demands as legitimate in his "new society."

10. Marcos's political strategy upon the establishment of martial law was to consolidate his authority by co-opting some of the traditional oligarchs while harnessing and controlling the emerging interest groups. His government created the National Tripartite Congress of Labor, Management, and Government to promote unity on the economic front; the Trade Union Congress to control labor; a youth association; and a variety of other organizations. Political power in the rural areas was reorganized to strengthen central

government control. A huge government bureaucracy was established, both to absorb the new educated technocratic groups and to manage the new government programs. The size of the military and constabulary more than tripled. Marcos subsequently established the Kilusang Bagong Lipunan (KBL) Party to legitimize support for the regime and maintain control for his political machine, particularly in the rural areas.

"For all its deficiencies, the system and style of government developed by Marcos have proved in important respects more effective and appropriate for the Philippines than the institutions they replaced. The inherited American system proved only superficially democratic in the Philippine context. Its checks and balances favoured a rotation of power among essentially self-serving oligarchic families. Violence, intimidation, nepotism, and corruption pervaded the political system. The Congress essentially served the narrow interests of a provincially based landowning elite. Concerted and sustained action to tackle problems on a national scale was seldom possible."

25X1

11. Marcos's strategy was initially effective. His declaration of martial law ushered in a transition away from the artificially created postwar American-styled system of politics to a more homegrown variety of authoritarian rule that aimed to bring the new groups and their demands under his personal control. The power of the traditional oligarchs was broken; a new oligarchy based on wealth accumulated through governmental manipulation of commerce and that was personally loyal to Marcos was created. Thus, many former plantation owners and political party leaders were replaced as political elites by individuals such as Eduardo Cojuangco and Roberto Benidicto, manipulators of the government sugar and coconut monopolies. The stimulation of export industries won support from middle and large landowners, business groups, and urban service groups. In its initial phases, Marcos's land reform enabled nearly 400,000 tenants to gain control of the land they worked, thereby creating the basis for more popular support in the rural areas.

The Crisis Resumes and Escalates

12. Marcos's initial successes helped him to consolidate his personal rule, but over the long run his

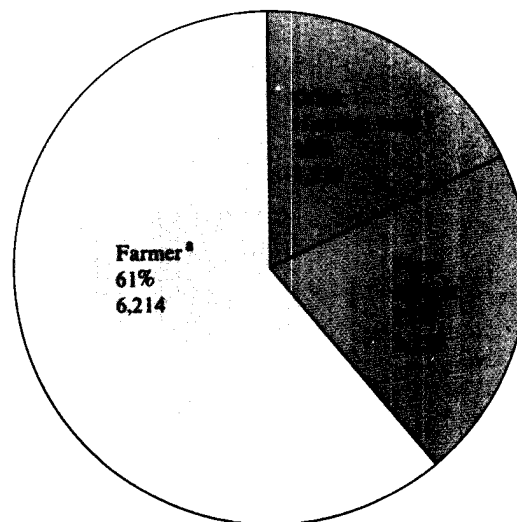
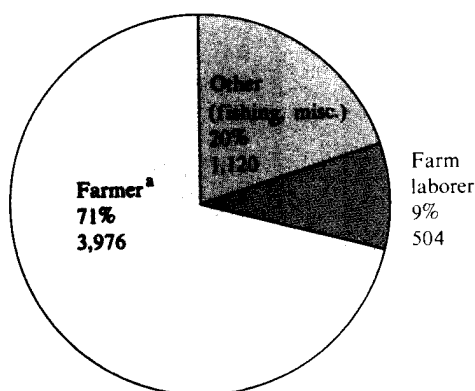
SECRET

25X1

Figure 1
Trends in Agriculture Labor
By Income Source

Million
 1971
 (5,600)

1983
 (10,187)



^a Includes owner, part-owner and tenant.

307915 1 86

25X1

policies not only could not cope with the myriad social and economic forces facing the Philippines but also in many instances have actually contributed to the crisis we are now witnessing.

13. Marcos's agricultural policies, for example, promoted the foreign export of cash crops. He was able to break up the large estates of his principal opponents among the oligarchy in key sectors such as fruit, sugar, and coconuts and replace them with a system of smaller landowners, modern agrobusiness, and government monopolies. Consequently, the traditional patron-client system based on kinship was replaced with one based on wealth in many rural areas. The strength of the new system of ties, however, was directly related to the level of prosperity in the countryside. As the rural economy deteriorated and small landholders were no longer able to pay their workers, the social and political consequences were enormous.

14. Marcos's land reform policies, which were aimed primarily at rice and corn-growing areas (rice and corn are the principal staples of the Filipino diet),

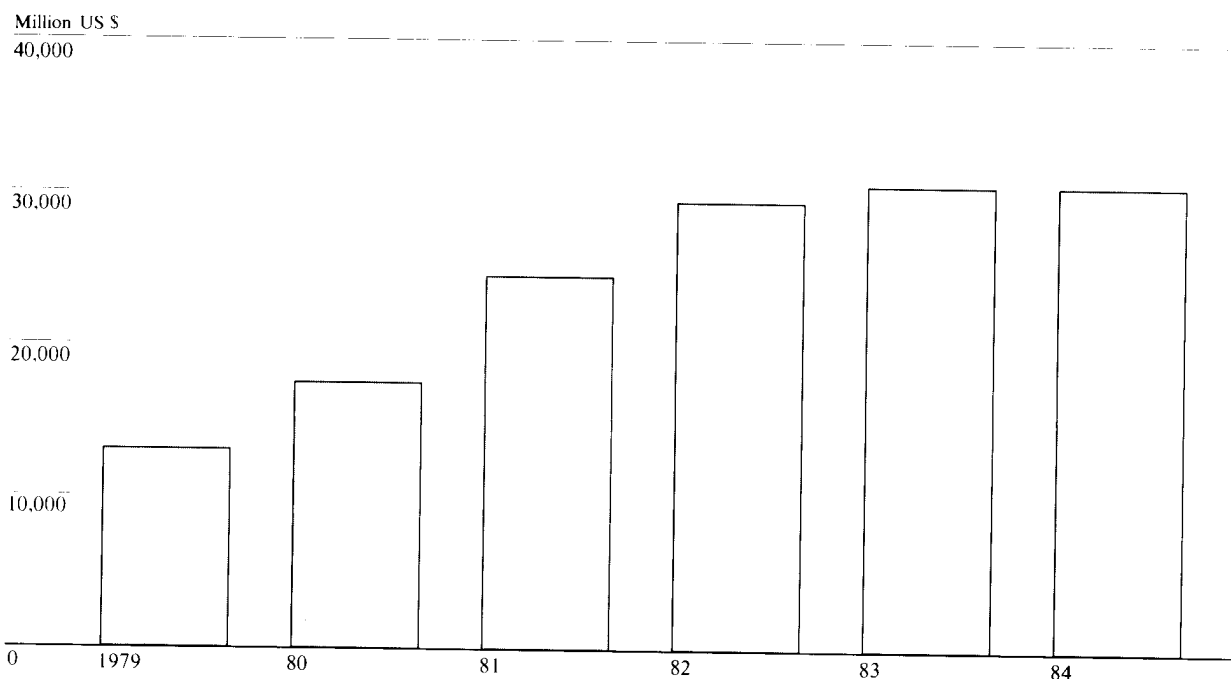
did not have much beneficial effect on the loyalty of the peasants since they actually affected less than 8 percent of the population. Moreover, the number of agricultural laborers in the rural population, over whom land reform had no effect at all, grew from about 504,000 in 1971 to more than 2 million by the mid-1980s. The overall result was a rapidly expanding rural population and fewer means to absorb the increased labor force (see figure 1). Unemployment and underemployment is now estimated to be as high as 60 percent in the rural Philippines.

15. The Philippines became self-sufficient in grain production by 1977 and was able to produce a small surplus for export. However, the increased costs for fertilizer and insecticides required for "miracle rice" and corn, combined with government price supports for these crops, have contributed to a huge foreign debt. This debt, which has also been accelerated by Philippine Government protection of domestic industry, more than quadrupled in just eight years from \$6.5 billion in 1977 to over \$30 billion in 1985 (see figure 2). The economic situation has become even

SECRET

25X1

Figure 2
Philippine Debt



307916 1:86

25X1

more acute as the price of such key export items as coconuts, timber, sugar, and copper have fallen rapidly. Sugar, for example, went from 27 cents a pound in 1977 to less than 5 cents a pound in 1984.

16. In summary, government policy under Marcos contributed to two politically explosive conditions in the countryside: a high rate of unemployment among agricultural laborers and the undermining of traditional patron-client ties that had undergirded social stability.

17. Rural impoverishment has greatly stimulated urban growth. Between 1971 and 1985 the Philippine population increased from 42 million to 54 million; most of this growth was in rural areas. By 1985 it was estimated that fully 70 percent of rural Filipinos had an income below the officially established poverty level of \$200 per capita annually. The result is that huge numbers of people migrate to the cities in search of better living conditions. The population of Manila, which numbered 1.4 million in 1948, has swollen to over 8 million. Other cities have also grown rapidly.

But as is typical in the Third World, there are not nearly enough jobs in the cities to meet the influx. Unemployment and underemployment is climbing in urban areas where it is now estimated to be around 25 percent.

18. Even in the best of circumstances, enlightened government policies would have had difficulty keeping pace with rapid population shifts; however, the policies adopted by the Marcos government have actually fueled urban migration by exacerbating the depression in the rural areas. At the same time, the government is less able to cope with population shift since other policies have created a massive debt and a flight of investment capital. The result is less social spending by the government, yielding even a smaller chance that social demands of either rural or urban dwellers can be met.

19. Moreover, evidence shows that "Marcos socialism" ultimately favors a small elite since disparities in wealth are growing. The wealthiest one-fifth of the population now controls almost 60 percent of the

SECRET

25X1

The Plight of Negros Island ^a

The situation on Negros Island in the Visayas is an excellent microcosm of the problems that plague the rural Philippines. Sugar came to the province in the 1800s "a kind of grass so easy to grow, which yielded so much abundance" that the Ilonggo planters tilled it almost exclusively. Negros now produces more than half of the Philippines' total sugar production. The large haciendas, which controlled sugar in the early 20th century, gradually gave way to smaller ones now averaging from 8 to 12 hectares (1 hectare=2.47 acres), which no longer require as much of the hacendero's presence as in the past.

Depressed sugar prices on the world market, higher interest rates, and the failure of the government sugar commission to take action have combined to stimulate a major political crisis. Interest rates, now over 40 percent, have caused many planters to default on bank loans. The Philippine national bank has foreclosed on several billion pesos worth of land properties. A majority of sugar workers have not been paid full wages for over a year. Over 80 percent of the 440,000 sugar workers are now displaced, resulting in large migrations to cities, such as Bacolod, where the unemployed compete with other squatters for nonexistent jobs.

Workers, sometimes with the assistance of planters and the Church, are becoming increasingly politicized and are forming associations to make demands on the planters and the government. The head of the Philippine Sugar Commission, Roberto Benedicto, meanwhile announced that since none of the workers had been laid off, there would be no emergency loans.

Under these circumstances the Communist-led New People's Army (NPA) has grown rapidly from a fledgling guerrilla group in the mountains in 1972 to a stage of "strategic stalemate" wherein the government is in political paralysis in Negros and the insurgents have achieved "morale and psychological supremacy" over the military. Both planters and workers favorably compare the behavior of the NPA insurgents with the military. According to Eduardo Ledesma, a prominent planter and scion of one of the oldest families in Negros Occidental, "... at the rate things are going, we feel that in three years revolution will become a reality."

— excerpts from article in Manila's *Business Day*, 10 June 1985.

national wealth while the poorest two-fifths' share has declined to under 10 percent (see figure 3). For the past four years, per capita GNP in the Philippines has

declined steadily and now stands nearly 15 percent below the 1981 peak. Real GNP declined by 5.3 percent in 1984, and bankruptcies and business closings have been widespread—800 of the country's top 2,000 corporations had to cease operations, at least temporarily, during 1985. This is occurring at a time when the Philippines has an additional 750,000 persons entering the labor force annually. The sluggishness of the economy and growing joblessness is apparently contributing to growing worker unrest. Strikes have become increasingly common; in the first quarter of 1985, for example, 31,000 workers staged 127 strikes, an increase of 51 percent over the same period in 1984.

20. While the economic situation of the average Filipino has declined and will continue to decline over the next few years, a small number of Marcos's cronies have benefited enormously. Through their control of government management in sugar, coconuts, banking, trading, shipbuilding, construction, utilities, and other sectors, they have amassed huge personal fortunes. The economic squeeze has helped to increase corruption in the government bureaucracy and the military since salaries have not nearly kept pace with increased living costs. The activities of the cronies and large-scale corruption have now become so excessive that they have been made into a major political issue by opponents of the regime. The result is an increasing public belief that the Marcos government is losing its right to rule.

21. These economic and social developments are disturbing of themselves, but even more significant is the overall effect on the long-range political future of the country. At a time when there is greater pressure on political authorities to meet demands from new groups of ever increasing numbers, the authorities have fewer resources with which to respond. *Moreover, even if substantial economic reforms were undertaken, the net effect would probably be to increase the number of groups making demands on the government, thereby contributing even further to political instability unless fundamental political changes also occur.*

Prospects for Further Political Change

22. If the process of political transition in the Philippines follows the course it has in other developing countries, three broad alternative outcomes are theoretically possible:

— **A Democratic Transition.** If politically relevant groups should come to be relatively equal in strength in the Philippines, if they formed politi-

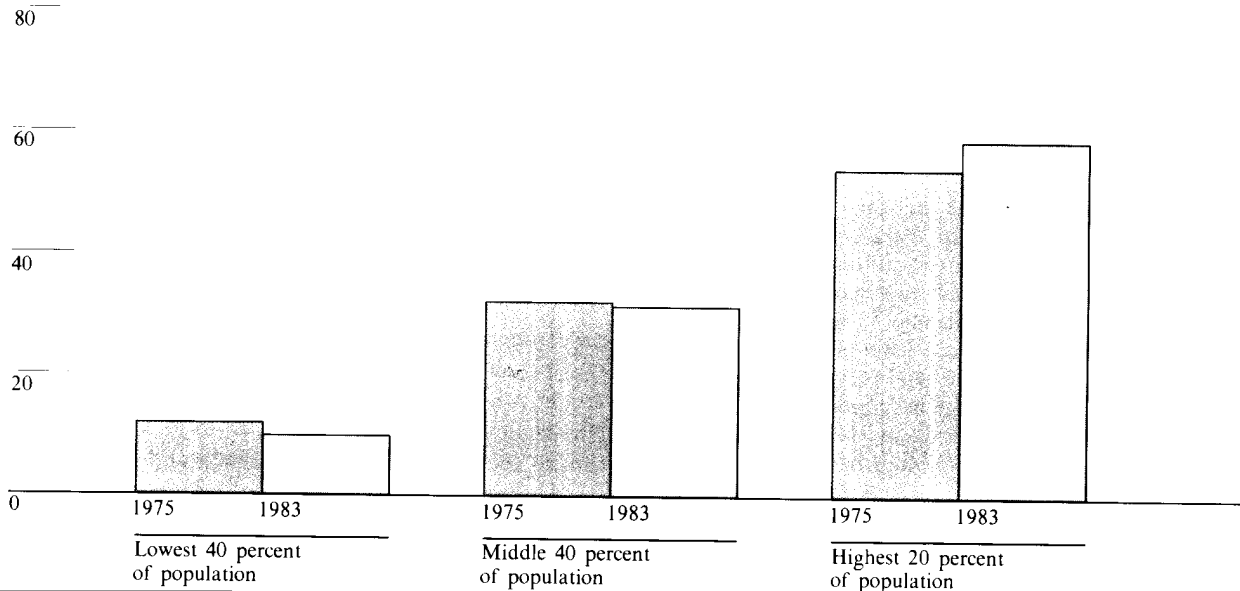
25X1

SECRET

25X1

Figure 3
Estimates of Wealth Distribution in the
Philippines—Income Distribution

Percent of GNP
 100



307917 1-86

25X1

cal parties with effective organization and mass support, and if they were willing to compete in free elections, then the present authoritarian regime of Marcos could give way to a system that is more democratic—somewhat similarly to India's transition from former colonial status.

- **Enhanced Authoritarianism.** If politically relevant groups should instead remain unequal in strength with the bureaucracy and the military—perhaps with some support from business and other segments of the middle class, the most politically active—then the outcome will almost certainly be strengthened bureaucratic authoritarianism—somewhat similarly to the case of Indonesia.
- **A Communist Takeover.** If politically relevant groups in the Philippines should continue to be uneven in political strength and should prove unable to effect a stable ruling coalition, then a Communist-dominated movement would be likely eventually to seize control and establish a

highly authoritarian Communist government—somewhat similarly to the case of Nicaragua.

The respective likelihood of these three broad alternative outcomes is outlined below.

Prospects for a Democratic Transition

23. While there is a lot of favorable rhetoric—in Manila and the United States—about the possibility of transition to democracy in the Philippines, the evidence does not indicate that this is a likely outcome. The achievement of greater democracy there would seem to require, at a minimum:

- Political parties committed to and capable of developing mass support among politically mobilized sectors in both urban and rural areas.
- Leadership strongly committed to democratic values and procedures, even if it means surrendering power to another party.
- Broadly instituted economic change, including land reform, which gives tenants and agricultural laborers a greater stake in the system.

SECRET

25X1

Power and Politics in Ilocos Norte

Ilocos Norte, home province of President Ferdinand Marcos, is sliding into a deepening Communist insurgency. The province, located in Northwest Luzon, has a population of about 400,000. Officially, it is "the most peaceful province in the Philippines"—by reason of President Marcos' having declared it to be such in August 1984.

The current provincial governor is Ferdinand E. ("Bong Bong") Marcos, Jr., the President's son. He succeeded to the governorship in 1982, replacing his aunt. The President's daughter Imee was elected one of the province's two assemblymen in 1982. Neither Bong Bong nor Imee resides in the province; they live in Manila and visit Ilocos Norte only on special occasions. The day-to-day affairs of the province are managed by trusted Marcos followers. Standard wisdom was that the CPP/NPA did not have a chance in Ilocos Norte because it was the "President's Province."

But the reality of the situation is quite different. Taking advantage of public discontent, the NPA has for the past two years been rapidly infiltrating and organizing in the province's Baranguays (villages), starting with more remote upland areas largely inhabited by ethnic minorities and then moving to the adjacent, heavily populated lowland areas. NPA members have been going house to house in Sarrat, Marcos's birthplace, asking for donations of used clothing, and in San Nicolas, 4 km south of the provincial capitol in Laoag, NPA cadres walked into the office of the mayor and asked for assistance.

In spite of official government statements, local officials and Catholic Church leaders in Ilocos Norte believe that the security situation is deteriorating. According to [redacted] if the current situation continues, the CPP/NPA will largely take over Ilocos Norte in two or three years.

[redacted]

"... [t]hose concerned with strategic considerations should join those concerned with human rights in the Philippines and in association with those who worry about the prospects of civil war in that country, lend American weight to the process of Philippine national reconciliation. It seems clear that such a process can be achieved only through the catharsis of free, open, democratically conducted elections. We should make it clear that we have confidence and trust in the Filipino people to resolve their problems through that process."

—William H. Sullivan (former US Ambassador to the Philippines), 1984.

24. Those who believe that the immediate transition from the Marcos regime will be essentially democratic, with a return to competitive elections among organized political parties, invariably cite the 1946-65 period in which there was ostensibly broad political participation in elections and in which political power did in fact change hands. They also argue that gains by opposition parties in the May 1984 assembly elections and the formation of the Cory Aquino-Salvador Laurel coalition to contest the February 1986 "snap" presidential election are further evidence of a continuing viable democratic tradition.

25. However, as was previously explained, the 1946-65 style "democracy" should be more accurately viewed as competition among traditional oligarchs rather than a full-fledged democratic system capable of successfully dealing with ever increasing public demands; moreover, that period ended with the establishment of martial law. Marcos-style authoritarianism embodied a rejection of the past American implanted system and replaced it with a system more in accordance with the realities of the Philippines.

26. What is the prospect, then, that the "moderate opposition" could harness these forces and groups to develop the kind of basic political institutions—including mass-based political parties—that could constitute the basis for a viable democratic transition? The outlook is not promising.

27. As with the premartial law parties, these opposition parties, too, tend to be dominated by personalities rather than interests. Their leaders are usually members or descendants of the former oligarchy, and there is some question as to whether their objectives are chiefly to get back at Marcos for his suppression or genuinely to conduct the social, economic, and political changes they widely proclaim. None of these parties yet encompasses the diverse groups and interests that would constitute a social base sufficient to carry out democratic reforms. In fact, when Marcos departs the political scene, the principal source of these parties' unity—their united hostility to Marcos—will disappear. Nevertheless, with time and resources, one or more of these parties could ultimately develop into a democratizing force.

28. At this point, however, the precarious economic situation in the Philippines and attendant political instability do not appear to be conducive to the lengthy and gradual process of building democratic-style institutions. The forces that led to increased authoritarianism under martial law have become even stronger. Even if the immediate succession to Marcos were to be a quasi-democratic regime based on electoral competition between remnants of his supporters

25X1

25X1

SECRET

25X1

and the opposition, the results would likely be short-lived—much like the period of civilian rule in Thailand from 1973-76.

"He [Eduardo Cojuangco—[redacted] one of the wealthiest men in the Philippines]... personally did not believe that democratic institutions [redacted] could ever give the Philippines the sort of stability which is so badly needed. [redacted]

[redacted] he said he starts from the fact that there are only two strong forces in the country: the NPA and the military. Since he can't accept the NPA, he's left with the conclusion that the military should be given a share of political responsibility. He said he is not talking of a military dictatorship but rather a system in which the military has a fixed, permanent share of political authority, a system similar perhaps to that of Indonesia. For example, the military might be allocated a certain share of cabinet posts and perhaps 50 percent of the seats in parliament with the remainder elected by popular vote. Such a system would provide continuity and stability."

29. The possibility of stronger authoritarianism in the Philippines is a far more likely political outcome than greater democracy. This is because:

- With the declaration of martial law in 1972, the Philippines already moved away from democracy toward greater authoritarianism; the same social and economic forces that led to this development are still present and have become even more serious.
- Some key groups (the military and the technocrats particularly) have gained greater access to political power than others; this situation cannot be quickly or easily changed.
- Key leaders and groups appear to be willing to accept increased authoritarianism if the alternative is rampant instability.

30. Having increased its size from 55,000 in 1972 to 186,000 by 1983, the Armed Forces of the Philippines (AFP) could play a decisive role in future political transition. However, many key military leaders have profited from Marcos's economic policies and remain strongly loyal to him, and the military is corrupt and factionalized; consequently, there is no guarantee that the military has a strong enough institutional sense to

be capable of alleviating instability by trying to encompass other mobilizing groups and their demands. Experience in such cases—for example, the replacement of the unpopular Diem by a fragmented military in Vietnam—suggests that even more instability could result.

31. However, should the AFP achieve greater unity and morale, either through broad acceptance of the present "We Belong" reform movement or by some other means, it conceivably could act in a way similar to the military in Indonesia since the 1965 crisis there. To be fully effective in consolidating stability and promoting legitimacy, the military would need to accommodate large numbers of technocrats from the bureaucracy and from business and industry. Additionally, it might need to form a political party and to hold some form of controlled elections in order to promote popular support. It would also need to conduct reforms in the rural areas to eliminate the most blatant excesses of monopoly control by cronies and to cause rural people to perceive that their needs and demands are being taken into account. If the new authoritarian regime were not successful then, like the Marcos regime presently, it would prove to be only an unstable, intermediate, and temporary phase in a continuing dynamic political transition.

Prospects for a Communist Takeover

32. The prospects for a Communist takeover have been increasing in recent months because:¹

- The Communists have seized upon economic, social, and political tensions to broaden their base of support; the CPP now numbers 30,000 to 45,000; the NPA numbers 15,000 to 16,500 regulars and 15,000 to 20,000 irregulars and controls villages inhabited by at least 5 million people.
- The Communists are more effectively organized than other groups to assimilate the demands of such key groups as workers in urban areas and tenants and agricultural workers in rural areas.
- The government has no comprehensive counter-insurgency strategy or programs that could effectively contain Communist expansion.

33. The CPP, with the NPA as its military organization and the National Democratic Front (NDF) as its

SECRET

25X1

The Twelve Point Program of the National Democratic Front

(1) Unite the Filipino people to overthrow the tyrannical rule of US imperialism and the local reactionaries.

(2) Wage a people's war to win total, nationwide victory.

(3) Establish a democratic coalition government and a people's democratic republic.

(4) Integrate the revolutionary armed forces into a single national revolutionary army.

(5) Uphold and promote the free exercise of the people's basic democratic rights.

(6) Terminate all unequal relations with the United States and other foreign entities.

(7) Complete the process of genuine land reform, raise rural production through cooperation, and modernize agriculture.

(8) Carry out national industrialization as the leading factor in economic development.

(9) Guarantee the right to employment, raise the people's living standards, and expand social services the soonest after establishing democratic state power.

(10) Promote a patriotic, scientific, and popular culture and ensure free public education.

(11) Respect and foster the self-determination of the Moro and Cordillera people and all ethnic minorities.

(12) Adopt and practice a revolutionary, independent, and peace-loving foreign policy.

— from *Liberation*, Official NDF publication, March-April 1985

United Front arm, has taken advantage of severe economic adversities and political instability—particularly since the assassination of Aquino—to rapidly expand its influence. The Communists initially combine Marxism, Catholic liberation theology, and traditional Philippine values to emphasize the nationalist aspects of their struggle rather than Marxist revolutionary ideology. Once they have gained control over an area, however, they quickly introduce a mandatory course of intense ideological instruction.

34. There are two potential roads to power for the Communists. For several years they have advocated a "Maoist" people's war strategy, which calls for developing the NPA's military power in the rural areas and

eventually surrounding the cities. If this strategy were maintained, it might take the Communists longer to get into power, but it would probably have the advantage of enabling them to thoroughly crush potential opposition.

35. [redacted] there are some within the party who would prefer a Nicaraguan type approach wherein the party hopes for a quick collapse of the regime in Manila and then seeks to fill the power vacuum. The advantage of this strategy is that it might enable the CPP to come to power more quickly. Its disadvantage, from the CCP's viewpoint, is that the party would then have to struggle with opposition elements while trying to consolidate the revolution. There would no doubt be considerable opposition to CPP rule. Even though many clerics are anti-Marcos and some have joined the NPA, just as in Nicaragua, many in the Catholic Church could be expected to oppose a Communist regime. Opposition would probably also come from business and other middle-class elements.

36. Whichever strategy the CPP/NPA adopts, it will continue to experience some difficulties in gaining and consolidating strength. As the Communist movement grows and becomes more successful, the party will probably experience the personality conflicts and tensions endemic in Philippine political life. Moreover, were there to be an improvement in economic conditions, some of the marginal supporters will also probably waver.

Outlook

37. In sum, while any of the broad scenarios for Philippine political transition outlined above could happen, the ultimate outcome will depend primarily upon which organizations are able to gain and hold the support of politically active groups—particularly the military, the growing middle business class, the technocrats, urban workers, and rural tenants and agricultural workers. For the reasons explained above, we believe:

— A serious danger exists that the Communist insurgents will come to power, either through outright military victory or after a political struggle among opposition forces if the Marcos government collapses, and that they will establish a Communist authoritarian regime. At present, the Communists are gaining strength by effectively incorporating the demands of many politically active groups, and they are developing the coercive apparatus to repress those groups they can-

25X1

SECRET

25X1

not absorb. The chances of a Communist take-over will grow the longer the present state of political and economic turmoil persists.

- Barring a Communist victory, the most likely political change is toward a strengthened authoritarian system probably based on a coalition of the military and the civil bureaucracy. Such a regime would resemble the Marcos government in some respects but would have to be more broadly inclusive of some center and even left-of-center political groups if it hoped to achieve stability.
- The least likely outcome is evolution toward an effective democracy in which political parties not only genuinely compete for power through an electoral process, but in which the parties are also broadly enough based to incorporate the demands of the rising number of politically active groups. No tradition of broad-based parties exists, and there probably is not time enough for the political culture to evolve to that point before the Marcos style of personalized authoritarian rule collapses.

Prospects for Anti-US Nationalism

38. In Third World developing countries, a prominent element of political change has been the development of radical nationalism. As in these countries, the source of Philippine nationalism lies in the historical and cultural myths generated by political groups as they seek to express their unique national identity and as they seek to achieve political power. While emphasizing geography, history, culture, language, and religion as symbolic of nationhood, more often than not nationalism finds its most vehement expression in opposition to the outsider, usually the former colonial master who is vilified and condemned as the imperialist exploiter.

39. That there is a history of strong anticolonial nationalism in the Philippines is undisputed. Filipino historians assert that Filipinos were the first in South-east Asia to rise in an anticolonial national revolution, waging a struggle against the Spanish and subsequently the Americans. Yet, nationalism in the Philippines later became unique in that, unlike neighbors in Indonesia, Malaysia, and Vietnam, the newly independent government in 1946 did not turn immediately against its former colonial mentor.

40. The failure, to date, of wide-scale, virulent anti-US nationalism to develop may be chiefly attributed to:

- The rapidity with which the Philippines was granted independence after the war meant that

the chief objective of nationalism—achieving nationhood—was already secured; political activists could not focus on this objective to achieve support and legitimacy.

- Easy access to the United States was a safety valve for potential leaders of a nationalist movement; not only dissidents, but also middle-class intellectuals who usually provide core leadership for nationalist movements came to the United States instead of remaining in the Philippines.
- Key Filipino elites, like President Marcos, fought with the Americans against Japan. This experience against a common foe helped to moderate anti-US feeling.

41. Even now, there are some factors that could inhibit the emergence of a full-fledged, anti-US nationalist movement. Some technocrats will likely favor close ties to the United States because of the economic and technological advantages they perceive these ties have for the Philippines. Also, many of the more than 1 million Filipinos in the United States with relatives and friends in the Philippines will want to maintain cooperative relations between the two societies. Just as the United States attracted those Filipinos who would most likely have been active in an anti-US nationalist movement in the past had they remained in the Philippines—students, intellectuals, and other middle-class dissidents—so it probably will continue to be a magnet in the future. Many of the nearly 35,000 Filipinos who immigrate to the United States annually would be the cream of an anti-US nationalist crop if they remained in the Philippines.

42. Nonetheless, on balance, it is likely that anti-US nationalism will continue to grow in the Philippines. This is because:

- Nationalism provides a powerful ideological basis for creating unity within a movement and for establishing popular support and legitimate authority. Groups with political demands and aspirations will increasingly find it convenient to identify US “neocolonialism” as the main source of the Philippines’ seemingly intractable problems.
- The demographic situation in the Philippines—70 percent of the population is below the age of 30—has resulted in generations that no longer recall the close and favorable ties of World War II.
- The education system, leftist elements in the Church, and opposition parties are influencing

SECRET

25X1

the political leanings of the younger generation of Filipinos toward predominantly leftist and anticapitalist positions, leading them to attack the United States as the major capitalist power in the world.

reject the "American model" of civilian supremacy. We have insufficient evidence to know whether rejection of American concepts within the military is as yet accompanied by increased hostility toward the United States itself.

"Any successor government to Marcos must, if it is to solve the problems of the nation, break away from the constraints of the predominant influence and control of the US Government."

— Jose W. Diokno, former Senator and leader of an opposition group, 1985

25X1

43. The degree to which anti-US nationalism gains support among the Filipino population depends in part upon which groups are best able to combine it with other policies and programs designed to cope with concrete grievances and demands. Nationalism will be useful in stimulating a unifying sentiment over the short run, but the thorough consolidation of power and authority will ultimately require any successful political movement to implement land reform, economic change, and political restructuring if it is to remain in power.

44. In the past decade, political organizations in the Philippines have increasingly focused on "neocolonialist exploitation" as a source of Philippine problems. Even Marcos's ruling KBL Party not infrequently attributes much of the Philippines' difficulties to the United States. The opposition parties, and particularly the Communists, are even more strident in their denunciations of the United States and greatly exaggerate its influence in Philippine political affairs.

45. Even though the main sources of public anti-US nationalism are the Communists, the opposition parties, and students and intellectuals, it is likely that other key groups will be increasingly infused by anti-US sentiment. The number of anti-US demonstrations attracting support from the middle class appears to be increasing. The attitude of most military officers toward the United States are unknown, but most of them were educated in a climate of radical anti-US campus politics. Moreover, even though the Philippine Military Academy emphasizes American-style concepts of professionalism, the deep involvement of the officer corps in martial law has caused some officers to

Implications for US Interests

46. Over the years US-Philippine relations have become more complex. This is because:

- The growth of Soviet military power in the Pacific has made Philippine facilities more important to the United States.
- US economic interests have grown; the United States now has investments approaching \$5 billion. US banks are the Philippines' principal bilateral creditors giving the United States a major stake in the resolution of Philippine debt and economic problems.
- The maintenance of US-Philippine bilateral security agreements provides assurance to other powers in the region—notably Japan, China, and the ASEAN countries—that the United States intends to continue to play a positive role for stability in the Pacific.
- The Filipino sense of dependency on the United States is heightened by the more than 1 million Filipinos here many of whom retain close ties to their relatives and associates in the Philippines, the enormous transfers of US funds through social security and pensions (which actually exceeds bilateral aid), and the perception of a "special relationship" based on historical ties.

47. Given the complexity and importance of the US role in the Philippines, a failure by the United States

SECRET

25X1

to successfully defend its interests there would likely be viewed as a significant policy setback both at home and abroad. Without some compensating development favorable to the United States in the region, serious decline in our political, military, and economic role could ultimately result in a shift in the regional strategic balance. Our allies and friends in the region could become disheartened and our adversaries emboldened. This would be especially true if the Communists were to be successful, since several other countries in the region are faced with Communist-led insurgencies.

The Significance of a Democratic Transition for US Interests

48. A political transition to a more democratic system in the Philippines would probably best meet the long-range interests of the United States. The United States could preserve the image of commitment to democratic rule and to moderate social and economic change, even under conditions of stress and adversity. Moreover, successful democracy would undermine the ability of Communists and radicals to dominate totally political life by enabling politically active groups to have a voice in the distribution of power—thereby relieving their frustration and outrage at the present situation.

49. The principal difficulty—beyond the fact that democracy is the least likely outcome given the present situation—is that, even under a democratic system, heightened antiforeign nationalism could work against US interests. The democratic system, which prevailed in India, for example, was based on strong anticolonial and anti-British nationalism (although today nationalistic sentiment in India is more likely to be focused on Pakistan or China), and certainly precluded any chance that there would be British facilities in India. The situation in Greece is also illustrative. Greece is a democracy and is a US ally, but anti-US nationalism has greatly complicated the US presence there. In the Philippines, the “moderate” opposition, which would presumably be the beneficiary of a democratic transition, is among the most vocal of anti-US critics. Most of these opposition groups have denounced the presence of US bases. They are not likely to abandon anti-US nationalism while trying to mobilize and consolidate support. Inasmuch as a transition to greater democratic authority would also be likely to require massive economic and military aid to forestall collapse and buy time while political parties created broad support among politically active groups, the financial demands on the United States would probably be

enormous. In short, at the same time anti-US feeling is rising, we would be expected to pay a lot more to stay. A policy of trying to obtain more money and other support for the Philippines over a long period of time while Philippine leaders are constantly castigating the United States would be difficult to sustain.

The Significance of Strengthened Authoritarianism for US Interests

50. A new authoritarian regime centered around the military and the bureaucracy, while not as palatable to Americans as democracy, could probably secure political stability in the Philippines more quickly than a democratic transition. This, of course, is contingent on a regime coming to power that genuinely takes into account and deals with the diverse politically active groups. A *coup a la Diem* would only mean continued instability as a weak military flailed hopelessly away at current problems and constituted only a way station on the road to more fundamental change. An effective moderately authoritarian regime might also be gradually induced toward democracy (this is happening to various extent in places like Brazil, Argentina, Spain, Portugal, Taiwan, and, possibly, Indonesia, and South Korea).

51. However, as with the democratic transition, more demands are likely to be made on the United States, and there are no guarantees that nationalists in the military and the bureaucracy would not want to throw us out. Should the values of the technocrats prevail, the United States would be welcome to continue to play a prominent role in the Philippines, albeit at a much higher price. A further difficulty might be, as we have seen with other cases (including the Marcos regime), that, for domestic political reasons, it is often difficult for the United States to sustain a close relationship with authoritarian regimes.

The Significance of a Communist Transition for US Interests

52. It is difficult to conceive of a Communist takeover in the Philippines that would not have serious adverse consequences for US interests. Some sources have insisted that elements within the NDF are willing to make a deal with the United States; however, the experience of Communist takeovers, as in Vietnam, does not hold much hope. In a protracted war, the Communists would gradually build strength, co-opting some groups and suppressing others, until all of them are finally under control. Should the Communists gain power as a result of a sudden collapse of the ruling authority, then they will struggle to govern while

SECRET

25X1

trying to cope with the demands of the various sectors. Like the Sandinistas in Nicaragua, they could face a period of prolonged instability as they attempt to effect the transition. In this case, the United States would find itself besieged by anti-Communist forces seeking support.

53. It is also entirely possible that the United States would be faced with a new flood of Filipino refugees far greater even than that from Indochina after the Communists came to power in those countries; Filipinos in the United States would likely mount a massive effort to get their relatives and friends out of the Philippines.

54. The Communists would almost certainly demand that the United States depart from the Philippines. The United States could also anticipate that the CPP would seek to restructure Philippine society through radical land reform and through the enunciation of Marxist-Leninist ideology in the education system and mass communications. Over time, the Philippines might eventually become a base for subversion and terrorism in the region.

55. Soviet policy in the Philippines has been to cultivate good relations with the Marcos government.

However, there have been recent indications that the Soviet Union may be desirous of establishing a dialogue with the CPP; this may be a contingency in the eventuality of a CPP succession to power. How much the Soviets could influence the CPP would depend on how the CPP came to power, the nature and character of the new regime, and the amount of Soviet support. Under some circumstances the CPP might be willing to offer the Soviets facilities in return for support. A highly nationalistic CPP would not necessarily be amenable to strong Soviet influence, but, even if it were not, its policies would lead to gains for the Soviets by undermining US power, influence, and prestige in the region.

56. Precisely how the United States should respond to threats to its interests posed by forthcoming political transition in the Philippines clearly depends to a large extent on how the transition proceeds. Whichever alternative, or combination of alternatives, the United States adopts to cope with the process of long-range political transition in the Philippines, the course will be arduous. No matter what the immediate succession to the Marcos regime is, over the next 10 to 15 years US ability to defend and promote its interests in the Philippines will be severely tested.

Page Denied

Next 5 Page(s) In Document Denied